

Revenue Estimates

The 2003-04 revenue estimates are based on the assumption that the local and state economies will continue the slow recovery begun in the 2003 calendar year. As a result, local and state sales tax collections, which represent approximately 56.4 percent of General Fund revenues, are expected to grow at a better rate than in 2002-03. This increased growth rate, although considerably lower than growth rates of a few years ago, is consistent with projections by local economists for personal income. The chart below shows that personal income is expected to grow by 7 percent in 2003-04, up from the 5.2 percent estimated for 2002-03. The 5.2 percent growth rate estimated for 2002-03 is the first increase in personal income growth rates since 1995-96, when the personal income growth rate peaked at 10.7 percent. The 7 percent growth rate estimated for 2003-04 anticipates continued economic improvement.

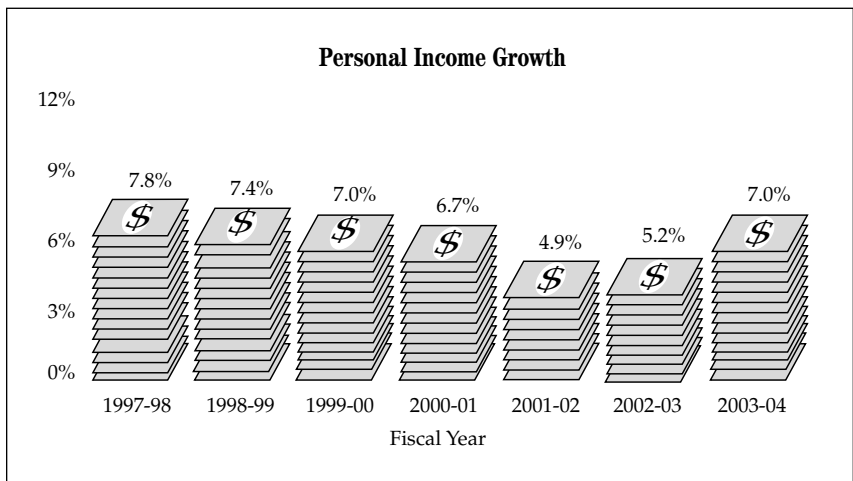
In previous years, General Fund revenue estimates reflected an ongoing practice of freezing the primary property tax levy at current levels plus an allowance for new construction. For 2003-04, however, the primary property tax levy contains an additional \$7,000,000 "shifted" from the secondary property tax levy. This shift was recommended by the 2001 Bond Committee and does not jeopardize the debt service support of the capital improvement program. In accordance with state law, the necessary truth-in-taxation notification and hearing requirements will be followed. The total property tax rate will remain at \$1.82.

In non-General Purpose fund revenues, fee increases for 2003-04 are reflected in the estimates for Golf based on the Council-approved rate plan. Also reflected in the 2003-04 estimates are full-year impacts from the 2002-03 fee increases for the Solid Waste, Water, and Wastewater systems.

GENERAL PURPOSE AND EXCISE TAX FUNDS

Total 2003-04 General Purpose fund revenues are estimated to be \$791.9 million or 2.3 percent more than 2002-03 estimates of \$773.8 million. General Purpose fund revenues consist of four major categories: local taxes, state-shared revenues, property taxes and user fees. Following are descriptions of the revenue sources within these four categories and explanations of 2003-04 revenue estimates.

The table on the next page details estimated General Purpose fund revenues by major category.



GENERAL PURPOSE REVENUES BY MAJOR SOURCE
(In Thousands of Dollars)

Revenue Source	2001-02 Actuals	% of Total	2002-03 Estimate	% of Total	2003-04 Estimate	% of Total	Increase/(Decrease) from 2002-03 Est.	
							Amount	Percent
Local Taxes								
Sales Tax	\$314,969	41.8%	\$320,989	41.5%	\$336,936	42.5%	\$15,947	5.0%
Privilege License Fees	2,187	0.3	2,240	0.3	2,290	0.3	50	2.2
Subtotal	\$317,156	42.1%	\$323,229	41.8%	\$339,226	42.8%	\$15,997	4.9%
State-Shared Revenues								
Sales Tax	102,211	13.6	104,620	13.5	109,538	13.8	4,918	4.7
State Income Tax	137,787	18.3	140,606	18.2	117,517	14.8	(23,089)	(16.4)
Vehicle License Tax	45,843	6.1	49,700	6.4	53,900	6.8	4,200	8.5
Subtotal	\$285,841	38.0%	\$294,926	38.1%	\$280,955	35.5%	(\$13,971)	(4.7%)
Primary Property Tax								
	61,818	8.2	65,478	8.5	76,915	9.7	11,437	17.5
User Fees/Other Revenues								
License & Permits	2,569	0.3	2,530	0.3	2,565	0.3	35	1.4
Cable Communications	6,252	0.8	6,894	0.9	7,702	1.0	808	11.7
Fines & Forfeitures	14,577	1.9	16,827	2.2	17,225	2.2	398	2.4
Court Default Fee	571	0.1	610	0.1	635	0.1	25	4.1
Engineering & Architectural Services	3,779	0.5	1,816	0.2	2,227	0.3	411	22.6
Fire Emergency Transportation Service	18,166	2.4	20,726	2.7	21,009	2.7	283	1.4
Hazardous Materials Inspection Fees	312	0.0	1,000	0.1	1,000	0.1	0	0.0
Library Fees	963	0.1	974	0.1	988	0.1	14	1.4
Parks & Recreation	4,128	0.5	3,829	0.5	3,957	0.5	128	3.3
Planning	2,211	0.3	2,613	0.3	2,771	0.3	158	6.0
Police	11,982	1.6	12,014	1.6	11,922	1.5	(92)	(0.8)
Street Transportation	2,338	0.3	2,388	0.3	2,245	0.3	(143)	(6.0)
Other Service Charges	18,840	2.5	16,445	2.1	19,038	2.4	2,593	15.8
All Others	1,317	0.2	1,506	0.2	1,506	0.2	0	0.0
Subtotal	\$88,005	11.7%	\$90,172	11.7%	\$94,790	12.0%	\$4,618	5.1%
TOTAL GENERAL PURPOSE FUNDS	\$752,820	100.0%	\$773,805	100.0%	\$791,886	100.0%	\$18,081	2.3%

LOCAL SALES TAXES AND FEES

This major revenue category consists of various local sales taxes, privilege license fees, use tax, and franchise taxes and fees. The 2003-04 estimate is \$339.2 million, which is \$16 million or 4.9 percent greater than the 2002-03 estimate of \$323.2 million. The assumptions used to estimate local sales taxes follow.

Local Sales Tax

The City of Phoenix's local sales tax consists of 14 general categories that are collected based on a percentage of business income accruing in each category. To protect local businesses, Phoenix also levies a use tax on purchases where no sales taxes were paid. Finally, two additional local taxes are collected based on water service accounts.

Of the 14 categories collected as a percentage of income, all except advertising provide General Fund resources. All but advertising and utilities contribute voter-approved resources for police and fire, parks and preserves, and

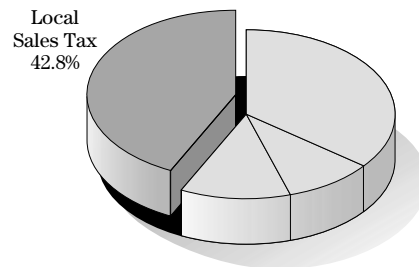
transit programs. Portions of several categories and the entire advertising category are restricted to the Civic Plaza fund and/or the Sports Facilities fund. The following table provides a listing of the local sales tax categories, indicating the specific tax rates for each fund and the total tax rate for each category.

The General Fund portion of the local sales tax estimate is \$329,575,000 for 2003-04. This is an increase of \$15,765,000 or 5 percent from the

2002-03 estimate of \$313,810,000.

The increase in local sales tax revenue is based on estimated growth of 3.5 percent in the retail sales category, and reflects the continuing slow improvement in the economy. Projected increases in other categories include 3.2 percent for utility and franchise, 7.1 percent for commercial rentals, 6.3 percent for restaurants and bars and 7.2 percent for hotel/motel room rentals.

GENERAL PURPOSE FUNDS Total Revenues – \$791.9 Million



CURRENT LOCAL SALES TAX RATES BY CATEGORY

	General Purpose	Neighborhood Protection	Parks & Preserves	Transit 2000	Civic Plaza	Sports Facilities	Total
Advertising	—	—	—	—	0.5%	—	0.5%
Contracting	0.7%	0.1%	0.1%	0.4%	0.5%	—	1.8%
Job Printing	0.7%	0.1%	0.1%	0.4%	0.5%	—	1.8%
Publishing	0.7%	0.1%	0.1%	0.4%	0.5%	—	1.8%
Transportation and Towing	0.7%	0.1%	0.1%	0.4%	0.5%	—	1.8%
Restaurants and Bars	0.7%	0.1%	0.1%	0.4%	0.5%	—	1.8%
Leases and Rentals/Personal Property	1.2%	0.1%	0.1%	0.4%	—	—	1.8%
Short-Term Motor Vehicle Rental	1.2%	0.1%	0.1%	0.4%	—	2.0%	3.8%
Commercial Rentals	1.3%	0.1%	0.1%	0.4%	—	—	1.9%
Lodging Rentals Under 30 Days	1.2%	0.1%	0.1%	0.4%	2.0%	1.0%	4.8%
Lodging Rentals 30 Days and Over	1.2%	0.1%	0.1%	0.4%	—	—	1.8%
Retail	1.2%	0.1%	0.1%	0.4%	—	—	1.8%
Amusements	1.2%	0.1%	0.1%	0.4%	—	—	1.8%
Utilities	2.7%	—	—	—	—	—	2.7%

As shown in the pie chart to the right, the retail category represents approximately 42 percent of the General Fund sales tax and is expected to increase from the low growth rate experienced in the last fiscal year. Personal income growth, which is used as a trend indicator for retail sales activity, is projected at 7 percent for 2003-04, up from the 5.2 percent projected for 2002-03. Overall, sales tax growth tends to follow a growth pattern similar to personal income growth.

General Fund sales tax revenue is collected on three rental categories: Leases & Rentals of Personal Property, Commercial Rentals of Real Property, and Apartment Rentals. For 2003-04, these categories are expected to increase 4.2 percent, 7.1 percent and 3.4 percent respectively. These three categories combined are approximately 17 percent of General Fund sales tax revenue.

The contracting category is expected to increase by 2.5 percent. This is a volatile category; growth rates can change significantly from year to year. For 2003-04, indicators such as interest rates and projections for job creation and population growth predict that residential construction activity will continue to remain healthy, but growth is slowing. In contrast, commercial construction continues to decline, with fewer new projects being planned. This category represents approximately 6 percent of the General Fund sales tax revenue.

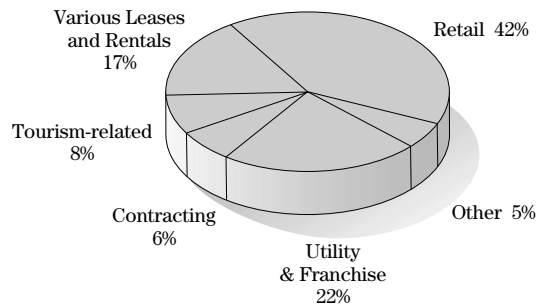
The restaurants and bars category and the hotel/motel category are expected to increase 6.3 percent and 7.2 percent respectively. Both categories are continuing to recover from the events that have negatively impacted the tourism industry for the past two years. The 2003-04 estimate for the hotel/motel category also reflects full year benefits from new resorts that opened in 2002-03. These two categories, combined with revenue from short-term motor vehicle rentals, are closely related to tourism

activity and represent approximately 8 percent of General Fund sales tax revenue.

The utility tax category is approximately 22 percent of the General Fund sales tax revenue. The category includes electricity, natural and artificial gas, water consumption, sewer service and communications activities. Arizona Public Service and Southwest Gas operate under city franchises, with a 2 percent franchise tax credited against the utility sales tax. The 2003-04 estimate for utility sales and franchise tax revenue is \$70,780,000, which is an increase of 3.2 percent over the 2002-03 estimate. This increase reflects modest assumptions for population growth and rate increases.

A use tax is assessed on the purchase of tangible personal property, which is stored, used or consumed within the city, and for which a local sales tax has not been paid at an equivalent rate to the City of Phoenix rate. The tax also applies to items purchased for resale and subsequently used or consumed in the business. The 2003-04 estimate of \$10,675,000 for use tax is 3.8 percent or \$387,000 more than the 2002-03 estimate. This category is subject to variation in purchasing practices, as well as economic drivers. The utility tax category is approximately 3 percent of the General Fund sales tax revenue.

GENERAL PURPOSE FUNDS Local Sales Taxes



The table below shows unrestricted General Fund sales tax collections since 1999-00. The amounts shown exclude the two utility tax items that are collected based on water service accounts.

A portion of the utility sales tax is based on water service accounts. The first was implemented on Oct. 1, 1990. The 2003-04 estimate of \$6,009,000 for this category is 2.5 percent higher than the 2002-03 estimate of \$5,860,000. The second provides funding for storm water management programs required by the Environmental Protection Agency. The 2003-04 estimate of \$1,212,000 for this tax is 2.8 percent greater than the 2002-03 estimate of \$1,179,000. This increase provides for modest growth in accounts.

GENERAL PURPOSE FUND SALES TAXES (In Thousands of Dollars)

Fiscal Year	Revenues	% Change From Previous Year
1999-00	\$296,689	7.1%
2000-01	307,286	3.6
2001-02	307,741	0.1
2002-03 (Est.)	313,810	2.0
2003-04 (Est.)	329,575	5.0

Privilege License Fees

The City charges a \$16 fee to process an application for a privilege tax license and assesses a \$50 annual fee for existing licenses. These fees are intended to recover the costs associated with administering a fair and efficient sales tax system. This category also includes a \$50 annual fee on each apartment complex for non-transient lodging. The 2003-04 estimate for privilege license fee revenue of \$2,290,000 is \$50,000 or 2.2 percent greater than the 2002-03 estimate of \$2,240,000. Historically, the net change in the number of licensed businesses is small.

STATE-SHARED REVENUES

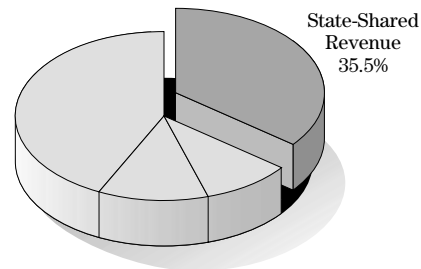
This major revenue category consists of the City's share of the state sales tax, the state income tax and vehicle license tax. The 2003-04 estimate for this category is \$281.0 million, which is \$13.9 million or 4.7 percent less than the 2002-03 estimate of \$294.9 million. As described in the following sections, projected growth in state-shared sales and vehicle license taxes is offset by a decline in income taxes.

State Sales Tax

The state sales tax rate on most taxable activities is 5.6 percent with several relatively minor categories having tax rates ranging from 2.5 percent to 5.5 percent. The revenues are split between a "distribution base," of which Phoenix receives a share, and a "combined non-shared" category, which is allocated entirely to the state. With exceptions for some categories, the distribution base consists of 40 percent of collections. The 0.6 percent education tax included in the total tax rate is not included in any distribution base.

Under the current formula, incorporated cities receive 25 percent of the distribution base. These funds are distributed to individual cities on the basis of relative population percentages.

GENERAL PURPOSE FUNDS Total Revenues – \$791.9 Million



Phoenix's share of the distribution to cities for 2003-04 is estimated at 32.7 percent.

The City of Phoenix's share of the state sales tax for 2003-04 is expected to be \$109,538,000, which is \$4,918,000 or 4.7 percent more than the 2002-03 estimate of \$104,620,000. This estimate is based on the assumption that, similar to the local economy, the state economy will continue its slow recovery. At the state level, retail sales are anticipated to increase about 4.8 percent over the current fiscal year. The following table shows the cities' share of state sales taxes, Phoenix's allocation and annual increases since 1999-00. The population factor changes only with decade or mid-decade census counts.

State Income Tax

Beginning in 1973, cities in Arizona shared 15 percent of the actual state personal and corporate income tax collected two years earlier. Individual cities received their portion based on the cities' share of the state population. In 1990, legislation lowered the cities' share of the state income tax to 12.8 percent beginning in the 1992-93 fiscal year. Then in 1994, legislation raised the percentage to 13.6 percent beginning in 1996-97, and 1996 legislation raised the percentage back to 15 percent for the 1997-98 and 1998-99 fiscal years. Legislation in 1997 provided for a 15.8 percent share for the 1999-2000 fiscal year. In the 1999 legislative session, the formula was again reduced to 15

STATE SALES TAXES

(In Thousands of Dollars)

Fiscal Year	Cities' Share of State Collections		Phoenix' Share		
	Total	% Change	Percent	Amount	% Change
1999-00	\$ 301,625	10.0%	33.7%	\$101,708	10.7%
2000-01	312,369	3.6	33.7	105,331	3.6
2001-02	312,572	0.1	33.7	102,211	(3.0)*
2002-03 (Est.)	319,939	2.4	32.7	104,620	2.4
2003-04 (Est.)	334,979	4.7	32.7	109,538	4.7

*Impact of 2000 census population changes is reflected.

percent share beginning in 2000-01. Until the 1999 legislative action, these changes were enacted by the state in conjunction with revisions to the individual and corporate state income tax in order to keep the cities' share of rate and other changes revenue-neutral. The 1999 change did not hold cities harmless. Legislation in 2002 reduced the formula to a 14.8 percent share for 2002-03 and 2003-04 only, as part of the effort to reduce the anticipated shortfall in the state budget. Without legislative action, the formula will revert to a 15 percent share in 2004-05.

The portion of the state income tax, which will be distributed to cities and towns in 2003-04, is expected to be \$359.4 million. The distribution represents actual individual and corporate income tax collections by the state in the 2001-02 fiscal year. The anticipated \$359.4 million is a 16.4 percent decrease from the previous fiscal year, and reflects the impact from the most severe portion of the recent recession. The City of Phoenix's share of the state income tax is estimated to be approximately 32.7 percent of the 14.8 percent share distributed to cities. This equates to \$117,517,000 for 2003-04 and is a decrease of \$23,089,000 or 16.4 percent from the 2002-03 estimate of \$140,606,000. The following table shows the total cities' share of state income tax, Phoenix's share, percentage allocation and annual increase since 1999-00. Similar to sales tax sharing, population is changed only with a census.

STATE INCOME TAX

(In Thousands of Dollars)

Fiscal Year	% Shared w/Cities	Cities' Share of State Collections		Phoenix's Share		
		Total	% Change	Percent	Amount	% Change
1999-00	15.8%	\$377,628	11.0%	33.7%	\$127,374	11.0%
2000-01	15.0	396,336	5.0	33.7	133,684	5.0
2001-02	15.0	421,367	6.3	33.7	137,787	3.1
2002-03 (Est.)	14.8	429,988	2.0	33.7	140,606	2.0
2003-04 (Est.)	14.8	359,379	(16.4)	33.7	117,517	(16.4)

* Phoenix growth rate is lower than the city share growth due to population changes in the 2000 Census.

VEHICLE LICENSE TAX

(In Thousands of Dollars)

Fiscal Year	Amount Distributed by Maricopa County	Phoenix's Share		Increase/(Decrease)	
		Percent	Amount	Amount	Percent
1999-00	\$ 85,020	48.5%	\$41,243	\$3,441	9.1%
2000-01	89,097	48.5	43,221	1,978	4.8
2001-02	99,443	46.1	45,843	26,22	6.1*
2002-03 (Est.)	107,809	46.1	49,700	3,857	8.4
2003-04 (Est.)	116,920	46.1	53,900	4,200	8.5

*Impact of 2000 Census adjustment to population is reflected.

Vehicle License Tax

Vehicle license taxes have been shared with Arizona cities and towns since 1941. The tax is assessed on the basis of an ad valorem rate on each \$100 in value. The value is equal to a percent of the manufacturer's base retail price at the time of initial registration. During each succeeding year, this value is decreased until the established minimum amount is reached. The Arizona Department of Transportation collects and distributes the tax.

Currently, 31.5 percent of collections are allocated to the Arizona Highway Users Revenue Fund. The remainder is allocated by percentage to various state funds as well as to the counties and cities. The state is responsible for distributing funds to cities according to their relative population within the county. Based on the 2000 Census, Phoenix's percentage of population within Maricopa County is approximately 46.1 percent. This distribution formula was used in developing the 2003-04 estimate.

Phoenix's share of the vehicle license tax for 2003-04 is anticipated to be \$53,900,000, which is \$4,200,000 or 8.5 percent more than the 2002-03 estimate of \$49,700,000. This increase reflects the expected increase in base vehicle values resulting from the recent surge in new vehicle purchases. This surge in new vehicle purchases is due to the recent availability of zero percent financing.

The second table on page 58 shows the cities' share of the vehicle license tax, Phoenix's share, allocation percentage and annual percentage change since 1999-00.

PRIMARY PROPERTY TAX

Arizona property taxes are divided into two levies. The primary levy is used for general operation and maintenance expense. The secondary levy can only be used for general obligation debt service.

The annual increase in the primary property tax levy is limited by the Arizona Constitution to a 2 percent increase over the calculated levy associated with previously assessed property plus an estimated levy for previously unassessed property (primarily new construction). As discussed in the following paragraphs, the City does not currently levy the maximum allowable primary property tax.

The estimated 2003-04 primary property tax levy is \$76,915,000, which is 16.5 percent higher than the 2002-03 actual levy of \$66,003,000. The increase in the primary levy reflects estimated collections associated with new properties entering the rolls, plus the \$7,000,000 shifted from the secondary property tax levy discussed earlier. Without the shift, the 2003-04 primary property tax levy would be 5.9 percent higher than the 2002-03 actual levy. The primary assessed valuation of \$9.05 billion is approximately 9.4 percent above the 2002-03 primary assessed valuation of \$8.27 billion.

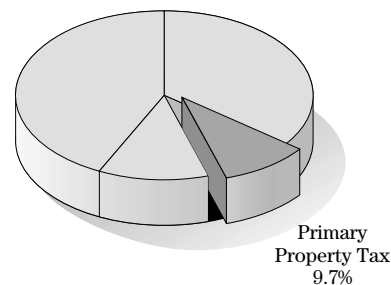
Before 1996-97, the maximum levy allowed by the Arizona Constitution had been levied each year. Leading up to

1996-97, due to a number of years of declining assessed valuations, deferral of the property tax-supported Capital Improvement Program was necessary. A new revenue policy was also established. This policy called for a maximum and minimum allowable combined primary and secondary property tax rate. By 1996-97, the application of this revenue policy had driven the combined rate down to the adopted minimum of \$1.82.

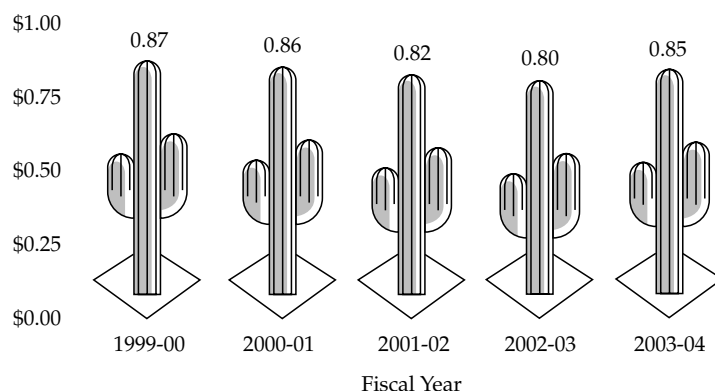
In 1997-98, a new policy was adopted that provided for the primary levy to be

set at the previous year's levy plus an amount for new construction. Market updates in property values were only to be reflected in the secondary portion, which is discussed in a later section. As shown in the chart above, this policy has caused the primary rate to decline over time. The \$7,000,000 shift discussed earlier deviates from this policy for 2003-04 in accordance with a multi-year plan stemming from the 2001 bond planning process. However, even with the \$7,000,000 shift, the estimated 2003-04

GENERAL PURPOSE FUNDS Total Revenues – \$791.9 Million



Primary Property Tax Rate (combined rate each year is \$1.82)



primary levy of \$76,915,000 is less than the maximum levy allowed by the Arizona Constitution and is consistent with current revenue policies.

The 2003-04 levy results in an estimated primary property tax rate of 85 cents per \$100 of assessed valuation. This would result in a secondary property tax rate of 97 cents to maintain a total property tax rate of \$1.82 per \$100 of assessed valuation.

The table on the right shows primary assessed valuation, primary property tax levies and primary rates since 1999-00.

PRIMARY PROPERTY TAX

Fiscal Year	Primary Assessed Valuation (in Billions)	% Change	Primary Levy (in Thousands)	% Change	Rate per \$100 Assessed Valuation
1999-00	\$ 6,425	8.9%	56,143	4.3%	\$.87
2000-01	7,024	9.3	60,407	7.6	.86
2001-02	7,689	9.5	62,753	3.9	.82
2002-03	8,269	7.5	66,003	5.2	.80
2003-04	9,049	9.4	76,915*	16.5	.85

* Includes \$7,000,000 shifted from secondary property tax levy.

USER FEES/OTHER REVENUES

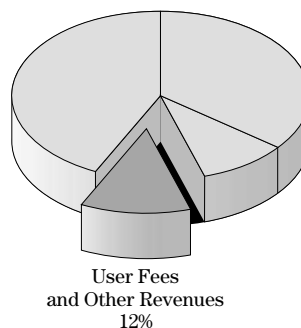
This major revenue category consists of licenses and permits, fines and forfeitures, cable television fees, parks and libraries fees, various user fees designed to recover the costs of providing specific city services, and other miscellaneous General Purpose Fund revenue sources. The 2003-04 estimate for this category is \$94.8 million, which is \$4.6 million or 5.1 percent higher than the 2002-03 estimate of \$90.2 million. Following are descriptions of the various categories and explanations of the revenue estimates.

Licenses and Permits

This category consists of various business permit application fees and annual permit fees including liquor license applications, amusement machines, annual alcoholic beverage licenses and other business license applications and fees. The 2003-04 estimate of \$2,565,000 is \$35,000 or 1.4 percent greater than the 2002-03 estimate of \$2,530,000.

GENERAL PURPOSE FUNDS

Total Revenues – \$791.9 Million



Cable Communications

The City imposes a 5 percent fee on the gross receipts of cable television licensees in return for the use of streets and public rights-of-way by cable companies in the provision of cable television service. The 2003-04 estimate of \$7,702,000 is \$808,000 or 11.7 percent greater than the 2002-03 estimate of \$6,894,000. The increase is primarily due to the correction of repayment errors in 2002-03, which will not be repeated in 2003-04.

Fines and Forfeitures

This category is comprised of various sanctions including traffic moving violations, criminal offense fines, parking violations, driving under the influence and defensive driving program revenues. The 2003-04 estimate of \$17,225,000 is \$398,000 or 2.4 percent more than the 2002-03 estimate of \$16,827,000. The estimate reflects a moderate increase in filing activity, plus a full year's impact of the Defensive Driving Program fee increase effective Jan. 1, 2003.

Court Default Fee

A \$25 default fee was implemented in 1993-94 in order to recover court costs associated with defendants who fail to appear for court appearances or fail to pay previously imposed sanctions on civil traffic violations. The 2003-04 estimate for this revenue category is \$635,000, which is 4.1 percent higher than the 2002-03 estimate and is based on year-to-date actuals and historical growth patterns.

Engineering and Architectural Services

This user fee category includes permits for utility construction and fiber optic construction in the public rights-of-way. It also includes revenues from fees for pavement cut activity. The 2003-04 estimate of \$2,227,000 is \$411,000 or 22.6 percent more than the 2002-03 estimate of \$1,816,000. Included in the 2002-03 estimate is an unusual write-off due to a bankruptcy. The 2003-04 estimate returns to normal revenue experience.

Fire Emergency Transportation Service

This user fee includes basic life support and advanced life support services and related charges for mileage and supplies for the provision of ambulance service. The 2003-04 estimate is \$21,009,000, which is \$283,000 or 1.4 percent greater than the 2002-03 estimate of \$20,726,000. The increase is primarily due to a slight increase in requests for services, and continuation of the near 70 percent collection rate expected to be achieved in 2002-03.

Hazardous Materials Permit and Inspection Fee

Because incidents involving hazardous materials have increased in recent years, a hazardous materials permit and inspection fee was established in October 2001. Revenues from this category are used to recover costs incurred for inspecting businesses that use hazardous materials. This annual permit varies from \$25 to \$500 and depends on the volume of hazardous materials stored on site. The 2003-04 estimate is \$1 million and reflects no increase over the 2002-03 estimate.

Library Fees

Library fee and fine revenue for 2003-04 is expected to be \$988,000, which is \$14,000 or 1.4 percent above the 2002-03 estimate. The increase is based on year-to-date actuals and analyses of three-year historical trends in fine revenue.

Parks and Recreation Fees

This category includes parks concession revenues, swimming pool revenues, fees for the use of various park facilities such as ball fields and recreation programs, activities at Municipal Stadium, Maryvale Stadium and the Papago Baseball Facility and other miscellaneous park fees. The 2003-04 estimate of \$3,957,000 is \$128,000 or 3.3 percent more than the 2002-03 estimate. This is primarily due to increased revenue from the swimming pool construction fee, plus a slight increase in athletic field usage.

Planning

User fees in this category include rezoning fees and zoning adjustment fees for use permits and variances, plus fees for administering the impact fee program. The 2003-04 estimate of \$2,771,000 is \$158,000 or 6 percent more than the 2002-03 estimate of \$2,613,000. The increase is primarily due to anticipated increases in the impact fee program administration fee. These fees pay for costs of several departments involved in implementing the impact fee program.



Police

The Police Department receives revenues for various services and programs. Police services are provided on a fee-per-hour basis for school and athletic events as well as other activities where a law enforcement presence is desired. In addition, a false alarm program is in place and includes both permit fees and assessments for false alarm responses. For 2003-04, the estimate of \$11,922,000 is 0.8 percent less than the 2002-03 estimate of \$12,014,000. The 2002-03 estimate includes advance payments from the State of Arizona to support one-time costs of building and expanding the training academy. For 2003-04, the final payment is estimated.

Street Transportation

This user fee category includes permit fees for utility construction in the public rights-of-way as well as utility ordinance inspections. The 2003-04 estimate of \$2,245,000 is 6 percent less than the 2002-03 estimate of \$2,388,000. This decrease is primarily because of reduced pavement cuts and less revenue from revocable permits.

Other Service Charges

Revenue in this category is composed of several non-tax sources including interest income, parking meter revenue, the Downtown Enhancement District, in-lieu property taxes, sales of surplus and abandoned property, various rental, parking and concession categories, and miscellaneous categories. The 2003-04 estimate of \$19,038,000 is \$2,593,000 or 15.8 percent more than the 2002-03 estimate of \$16,445,000. This is primarily due to increased interest earnings.

All Other Fees

This fee category consists of miscellaneous service charges in the Finance, Housing, Human Services and Neighborhood Services departments. The 2003-04 estimate of \$1,506,000 reflects no change from the 2002-03 estimate.

NON-GENERAL PURPOSE FUNDS

Non-General Purpose fund revenues consist of three major categories including Special Revenue funds, Enterprise funds, and Federal and State Grant funds. The following sections provide descriptions of the various revenue sources in each category and explanations of 2003-04 revenue estimates. The table on page 63 provides the 2002-03 and 2003-04 estimates and 2001-02 actual revenue amounts for revenues within these three categories.

SPECIAL REVENUE FUNDS

This category consists of several revenue sources that are earmarked for specific purposes. Included in this category are voter-approved sales taxes for Neighborhood Protection, Parks and Preserves, and Transit 2000. Also included in this category are revenue from Court Awards, Development Services, Capital Construction, Sports Facilities, Arizona Highway User Revenue funds, Local Transportation Assistance funds, Public Transit, Community Reinvestment, Secondary Property Tax, and other revenues.

Neighborhood Protection Sales Tax

This citizen-initiated 0.1 percent sales tax rate was approved by the voters in October 1993 and implemented in December 1993. The 0.1 percent increase is specifically earmarked for Police Neighborhood Protection programs (70 percent), Police Block Watch programs (5 percent) and Fire Neighborhood Protection programs (25 percent). The 2003-04 estimate of \$23,304,000 is \$1,101,000 or 5 percent greater than the 2002-03 estimate of \$22,203,000. These estimates are consistent with those for the same categories in the local sales tax discussion. Also, \$79,000 is estimated in both 2002-03 and 2003-04 for interest revenue.

Parks and Preserves Sales Tax

The Parks and Preserves sales tax is a 0.1 percent sales tax rate increase approved by voters in September 1999 and implemented in November 1999. Revenues from the 0.1 percent tax are allocated to park improvements and acquisition of desert preserves. Sixty percent of the revenues are to be used for preservation, 30 percent for regional parks, and 10 percent for neighborhood and community parks. The 2003-04 estimate of \$23,304,000 is \$1,103,000 or 5 percent more than the 2002-03 estimate of \$22,201,000. The estimate is consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are grant revenues received to help acquire preserve land. The estimates anticipate grant revenues of \$800,000 in 2002-03 and \$2,615,000 in 2003-04.

NON-GENERAL PURPOSE REVENUES BY MAJOR SOURCE**(In Thousands of Dollars)**

Revenue Source	2001-02 Actual	2002-03 Estimate	2003-04 Budget	Increase/(Decrease) from 2002-03 Est.	
				Amount	Percent
Special Revenue Funds					
Neighborhood Protection	\$ 22,196	\$ 22,282	\$ 23,383	\$ 1,101	4.9%
Parks and Preserves	22,081	23,001	25,919	2,918	12.7
Transit 2000	115,212	115,212	117,579	2,367	2.1
Court Awards	1,995	2,841	3,246	405	14.3
Development Services	38,098	37,490	37,660	170	0.5
Capital Construction	20,816	18,700	19,300	600	3.2
Sports Facilities	11,709	13,651	13,079	(572)	(4.2)
Arizona Highway User Revenue	105,238	105,950	110,490	4,540	4.3
Local Transportation Assistance	7,499	7,387	7,387	0	0.0
Regional Transit Revenues	8,260	10,429	9,949	(480)	(4.6)
Community Reinvestment	2,777	2,378	2,343	(35)	(1.5)
Secondary Property Tax	82,405	89,948	94,984	5,036	5.6
Other Restricted Fees	2,583	5,924	6,195	271	4.6
Subtotal Special Revenue Funds	\$ 440,869	\$ 455,193	\$ 471,514	\$16,321	3.6%
Enterprise Funds					
Aviation	196,603	212,860	219,924	7,064	3.3%
Water System	236,084	245,043	235,387	(9,656)	(3.9)
Wastewater System	126,098	128,816	133,685	4,869	3.8
Solid Waste	88,221	94,118	96,414	2,296	2.4
Civic Plaza	48,035	47,798	49,664	1,866	3.9
Golf Courses	7,450	7,560	7,881	321	4.2
Subtotal Enterprise Funds	\$ 702,491	\$ 736,195	\$ 742,955	\$ 6,760	0.9%
Federal Funds					
Public Housing	56,885	62,544	67,555	5,011	8.0
Federal and State Grants	87,290	101,958	101,215	(743)	(0.7)
Subtotal Federal Funds	\$ 144,175	\$ 164,502	\$ 168,770	\$4,268	2.6%
TOTAL NON-GENERAL PURPOSE FUND REVENUES	\$1,287,535	\$1,355,890	\$1,383,239	\$27,349	2.0%



Transit 2000 Funds

The Transit 2000 tax is a 0.4 percent sales tax approved by the voters in March 2000 and implemented in June 2000. The 0.4 percent tax is specifically earmarked for transit programs and improvements. The 2003-04 estimate of \$93,211,000 is \$4,405,000 or 5 percent greater than the 2002-03 estimate of \$88,806,000. The estimate is consistent with the estimates for the same categories in the local sales tax discussion.

Also included in this fund are fare box and other miscellaneous transit system revenues. Fare box revenues are the revenues collected by the transit service for bus ridership. The 2003-04 fare box revenue estimate of \$20,699,000 is 2.1 percent greater than the 2002-03 estimate, and reflects the continued expansion of services.

Court Awards Funds

The City of Phoenix receives funds as a result of participation in the arrest and/or prosecution of certain criminal cases. These funds, referred to as Court Awards funds, represent court-ordered forfeitures of seized assets. Their use is limited to the police and prosecutor functions. Revenue estimates are based on cases in progress. The estimate for 2003-04 is \$3,246,000.

Development Services

Revenues in this user fee category include building permits and plans review, subdivision and site plan fees, sign permit fees, and engineering permits and plan review fees. The 2003-04 estimate is \$37,660,000, which is \$170,000 or 0.5 percent more than the 2002-03 estimate of \$37,490,000. With mortgage rates remaining low, residential building should continue to be healthy; however, this growth is partially offset by the decrease in commercial activity as fewer major projects are anticipated.

Capital Construction

This category includes revenue from a 2 percent increase in the sales tax on telecommunications implemented in February 1998. This tax is intended to reimburse Phoenix citizens for the use of their public rights-of-way by the telecommunications industry. The 2003-04 estimate is \$18.3 million, or a 1.7 percent increase over 2002-03 estimate. These funds are used primarily for right-of-way improvements in the Street Transportation Capital Improvement Program.

Also, other revenue including interest earnings is estimated for this fund. Other revenue of \$700,000 is estimated in 2002-03, and \$1,000,000 is estimated in 2003-04.

Sports Facilities

Sports Facilities revenues consist of a 1 percent portion of the 4.8 percent hotel/motel tax category, a 2 percent tax on short-term motor vehicle rentals, and interest revenue generated by the fund. The 2003-04 estimate is \$12,779,000, which is \$637,000 greater than the 2002-03 estimate of \$12,142,000. The revenue estimates are consistent with the general fund sales tax estimates in the hotel/motel and short-term vehicle rental categories. The 2003-04 estimate includes \$5.2 million for the hotel/motel portion and \$7.5 million for the short-term car rental portion.

Arizona Highway User Revenue

The State Transportation Financing Plan adopted by the Legislature in 1981 and amended in 1982 and 1985 includes a 13 cent per gallon gas tax plus other user fees and charges such as registrations, driver's licenses, motor carrier taxes, other miscellaneous fees and an increased share of the motor vehicle license taxes. Additional gasoline taxes were added in 1986 (3 cents per gallon), in 1988 (1 cent per gallon), and in 1990 (1 cent per gallon) for a total local gas tax rate of 18 cents per gallon.

A new distribution formula for Arizona Highway User Revenue (AHUR) was passed by the Legislature and signed by the governor in May 1996 (effective July 1, 1996). It was intended to be revenue neutral to cities. This distribution formula provides 27.5 percent to

incorporated cities and towns (distributed one-half on the relative population of the cities and towns and one-half on the county origin of sales/relative population of the counties) and 3 percent to cities over 300,000 population (Phoenix, Tucson and Mesa). For 2003-04 it is anticipated that Phoenix will receive \$88.9 million from the 27.5 percent share and \$19.6 million from the 3 percent share.

The total 2003-04 AHUR estimate of \$110,490,000 is \$4,540,000 or 4.3 percent more than the 2002-03 estimate of \$105,950,000. Included in the estimate is \$108,490,000 state-shared AHUR, which is \$4,540,000 or 4.4 percent more than the 2002-03 estimate. The 2002-03 estimate reflects the second year impact of legislation that uses AHUR monies to fund additional Department of Public Safety officers, thereby reducing the amount of funding available for distribution. It also reflects recent legislation that further reduced AHUR monies available for distribution by \$10,000,000; the loss to Phoenix is approximately \$1,000,000. Also included in the 2003-04 estimate is \$2,000,000 in interest earnings.

The state-shared increase is based on anticipated increases at the state level of 2.0 percent in gasoline tax collections, 1.1 percent in motor carrier tax collections (trucking), 1.0 percent in vehicle license tax collections and 0.9 percent in vehicle registrations. The following table shows the state-shared Arizona Highway Users allocations to the City of Phoenix since 1999-00.

ARIZONA HIGHWAY USER REVENUES (In Thousands of Dollars)

Fiscal Year	AHUR Distribution	Increase/(Decrease)	
		Amount	Percent
1999-00	\$100,348	\$ 2,619	2.7%
2000-01	102,598	2,250	2.2
2001-02	100,406	(2,192)	(2.1)*
2002-03 (Est.)	103,950	3,544	3.5
2003-04 (Est.)	108,490	4,540	4.4

*Impact of 2000 Census adjustment to population is reflected.

Local Transportation Assistance Funds

In July 1981, the Legislature passed a transportation bill that provided for a Local Transportation Assistance Fund. Beginning July 1, 1983, \$20.5 million (minimum) to \$23 million (maximum) annually from the sale of state lottery tickets is allocated to the Local Transportation Assistance Fund. LTA Funds are distributed to incorporated cities in proportion to annual population estimates developed by the Department of Economic Security.

For cities that exceed 300,000 in population, LTA funds are to be used for mass transit operating expenses. The law also provides for up to 10 percent of the city's LTA funds to be used for cultural, educational, historical, recreational, or scientific projects and outpatient developmental disability programs. LTA Funds used for these non-transit purposes must be matched on a 50/50 basis with non-public funds and the total LTA Funds must reach the \$23 million maximum for this type of expenditure to be made.

The 2003-04 estimate for LTA revenue is \$7.4 million. This represents 32.2 percent of the total LTA Funds distributed statewide. The allocation is primarily used for funding the transit system. Consistent with LTA fund provisions and past practices, \$106,000 is estimated for arts grants.

Regional Transit Revenues

This category includes revenue from the Regional Public Transportation Authority, other state funding agencies, and the sale of bus service provided to other jurisdictions. The 2003-04 estimate is \$9,949,000, which is \$408,000 or 4.6 percent less than the 2002-03 estimate. Bus service is purchased by the cities of Glendale, Mesa, Scottsdale, Tempe and the RPTA. Although the City of Glendale may increase purchased service in 2003-04, it is anticipated that the other cities and the RPTA will slightly reduce service.

Community Reinvestment

The 2003-04 estimate of \$2,343,000 represents estimated redevelopment revenues to be received through various economic redevelopment agreements. Redevelopment areas include Sky Harbor Center and the downtown area.

Secondary Property Tax

By law, the secondary property tax is earmarked for servicing general obligation bond principal and interest costs. There is no statutory limitation on the property taxes levied for debt service purposes.

As discussed in the General Fund Revenues section, the estimated primary property tax rate is 85 cents. To maintain our current \$1.82 total rate, the resulting secondary rate is 97 cents per \$100 of assessed value for 2003-04. The 2003-04 secondary property tax levy of \$94,984,000 is based on this projected rate and secondary assessed valuation of \$9.8 billion, but also reflects the previously discussed \$7,000,000 shifted to the primary property tax levy. This levy is \$5,036,000 or 5.6 percent greater than the 2002-03 levy of \$89,948,000. The increase is primarily because of an 11.2 percent increase in net assessed property values for Phoenix, offset by the \$7,000,000 shift.

The total property tax rate of \$1.82 for 2003-04 has remained unchanged since 1995-96.

The table above shows secondary assessed valuation, secondary property tax levies and secondary property tax rates since 1999-00.

Other Restricted Fees

Included in this category are revenues associated with the Court Technology Enhancement fee and the Judicial Collection Enhancement fund; Heritage Square; the Tennis Center at Washington Park; and monopole rentals from several City parks. Also included is revenue from restricted fees for recreation and other programs, and donations specified for various City programs. The 2003-04 estimate \$6,195,000 is \$271,000 more than the 2002-03 estimate of \$5,924,000.

SECONDARY PROPERTY TAX

Fiscal Year	Secondary Assessed		Secondary Levy		Rate per \$100 Assessed Valuation
	Valuation (in Billions)	% Change	(in Thousands)	% Change	
1999-00	\$6,916	11.5%	\$65,441	16.0%	0.95
2000-01	7,573	9.5	72,703	11.1	0.96
2001-02	8,232	8.7	82,642	13.7	1.00
2002-03 (Est.)	8,803	6.9	89,948	8.8	1.02
2003-04 (Est.)	9,792	11.2	94,984	5.6	0.97

ENTERPRISE FUNDS

This category includes revenues from the City's five enterprise funds including Aviation, Water, Wastewater, Solid Waste, Civic Plaza and Golf. These enterprise funds fully recover their costs through user fees associated with the provision of their services. This category also includes the Civic Plaza that, in addition to the user fees associated with the operation of the Civic Plaza, is supported by earmarked sales taxes. Following are descriptions of each enterprise fund category and explanations of the revenue estimates.

Aviation

Aviation revenue estimates include landing fees, concession revenues, and interest income at Sky Harbor International, Deer Valley and Goodyear airports. Total Aviation revenue for 2003-04 is anticipated to be \$219,924,000, which is \$7,064,000 or 3.3 percent greater than the 2002-03 estimate of \$212,860,000. The 2002-03 estimate is 8.3 percent greater than 2001-02 actual revenue and reflects a return to more normal airport activity. The 2003-04 estimate anticipates the continuing recovery in airport activity.

The first table on page 67 shows Aviation revenue by major category and annual percent change since 1999-00.

Water System

Water system revenues include water sales, development fees, various water service fees, resource acquisition fees, fees paid by other jurisdictions for the operation of the Val Vista Water Treatment Plant and other miscellaneous fees.

Total water system revenue for 2003-04 is projected to be \$235,387,000, which is \$9,656,000 or 3.9 percent less than the \$245,043,000 estimate for 2002-03. The 2002-03 revenue estimate reflects increased water sales to other Valley cities and the partial year impact of the March 2003 rate increase. The March rate increase raised the average bill by 3 percent. Also included in 2002-03 is \$12,619,000 in unusual one-time receipts from a large settlement and from a redevelopment repayment agreement. The 2003-04 estimate reflects a full year's impact from the March 2003 rate increase in water and environmental consumption charges. However, lowered interest earning expectations and the impact of the large one-time receipts in 2002-03 have resulted in a reduction in the overall estimate from the prior year.

The second table on page 67 shows water system revenues by major category since 1999-00.

SUMMARY OF AVIATION REVENUES
(In Thousands of Dollars)

	1998-99	1999-2000	2000-01	2001-02 (Est.)	2002-03 (Est.)
Airline Operation	\$ 68,375	\$ 69,488	\$ 75,815	\$ 80,500	\$ 84,525
Concessions and Rentals	109,381	112,096	106,033	113,300	116,289
Interest	5,639	2,406	8,507	10,000	10,000
Other/Federal Grants	212	5,679	2,086	5,850	5,850
Goodyear	1,143	1,422	1,811	875	886
Deer Valley	1,912	2,227	2,351	2,335	2,374
Total Aviation Revenue	\$186,662	\$193,318	\$196,603	\$212,860	\$219,924
Change From Prior Year	7.9%	3.6%	1.7%	8.3%	3.3%

SUMMARY OF WATER SYSTEM REVENUES
(In Thousands of Dollars)

	1999-00	2000-01	2001-02	2002-03 (Est.)	2003-04 (Est.)
Water Sales	\$145,567	\$156,864	\$160,128	\$171,265	\$180,065
Environmental Consumption Charge	10,173	10,648	10,442	10,662	10,828
Raw Water Charge	15,960	16,779	16,352	16,777	17,096
Interest	16,067	15,267	14,936	11,385	11,599
Development Fees	7,807	6,094	6,772	6,000	5,600
Combined Service Fees	2,284	2,461	1,326	4,600	4,600
Val Vista	2,775	2,845	3,455	3,339	3,734
All Other	8,373	6,914	14,411	5,248	5,128
Total Water Revenue	\$209,006	\$217,872	\$227,822	\$229,276	\$238,650
Change From Prior Year	4.2%	4.6%	3.6%	3.8%	(3.9%)

Wastewater System

Wastewater system revenues include monthly sewer service charge revenues, which are based on water consumption rates, development fees, the sale of wastewater treatment services to other jurisdictions, the sale of effluent and other miscellaneous fees. The wastewater

system is expected to generate revenue of \$133,685,000 in 2003-04, which is \$4,869,000 or 3.8 percent greater than the 2002-03 estimate of \$128,816,000. The increase is primarily due to a full year's estimate of the March 2003 rate increase.

The table below shows Wastewater revenue by major category and annual percent change since 1999-00.

Solid Waste

This category includes revenues from the monthly residential collection and landfill tipping fees. The 2003-04 estimate of \$96,414,000 is a increase of \$2,296,000 or 2.4 percent greater than the 2002-03 estimate of \$94,118,000. The increase is primarily due to a full year's estimate of the January 2003 rate increase. Monthly residential collection rates were increased by 50 cents.

SUMMARY OF WASTEWATER SYSTEM REVENUES (In Thousands of Dollars)

	1999-00	2000-01	2001-02	2002-03 (Est.)	2003-04 (Est.)
Sewer Service Charge	\$ 67,383	\$ 69,822	\$ 75,067	\$ 78,950	\$ 84,200
Environmental Charges	17,320	19,392	20,464	22,040	23,575
Development Fees	5,582	5,926	5,788	5,800	5,400
Interest	7,083	11,819	6,724	4,390	2,125
Multi-City	13,065	13,912	12,549	12,816	13,807
Other	3,133	5,047	5,505	4,820	4,578
Total Wastewater Revenue	\$113,566	\$125,918	\$126,097	\$128,816	\$133,685
Change From Prior Year	(0.8%)	10.9%	0.1%	2.2%	3.8%

Civic Plaza

The majority of Civic Plaza revenues are from earmarked sales taxes including a 0.5 percent tax on advertising, a 0.5 percent portion of the 1.8 percent tax on restaurant and bar sales, construction, publishing, printing, and transportation and towing, plus a 2 percent portion of the 4.8 percent hotel/motel tax on rooms rented for 30 days or less.

Earmarked sales taxes are expected to produce \$38,199,000 in 2003-04. Civic Plaza operating revenues are expected to be \$4,581,000, parking revenue is expected to be \$5,476,000, and interest revenue is expected to be \$1,408,000, for total revenue estimates of \$49,664,000. This is \$1,866,000 or 3.9 percent more than the 2002-03 total estimated revenues of \$47,798,000. The increase is primarily from increases in the earmarked sales tax categories and parking revenue. Tax estimates are consistent with general fund sales tax estimates for the categories included in Civic Plaza.

The table on the right shows the Civic Plaza excise tax collections since 1999-00.

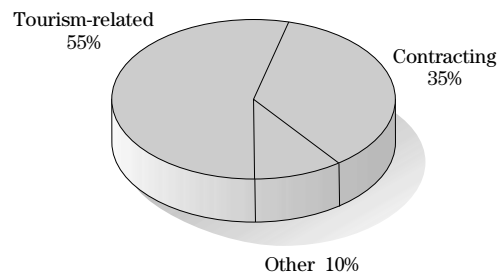
Overall growth rates differ from General Fund sales taxes due to the smaller number of categories, differing proportions of the total, and their more volatile nature. As shown in the pie chart on the right, contracting and tourism represent 90 percent of the sales tax revenue to this fund. Both industries are considered volatile; the tourism industry in particular has experienced dramatic changes in the last several years. In the General Fund, however, contracting and tourism represent only 12 percent of the sales tax revenue. Because of this, any changes to these more volatile industries have a greater impact in this fund's sales tax revenue than in the General Fund's sales tax revenue. The negative growth rate anticipated for 2002-03 is the result of a slowly recovering tourism industry and a continued decline in the construction industry.

CIVIC PLAZA SALES TAXES

(In Thousands of Dollars)

Fiscal Year	Amount Collected	Increase/(Decrease)	
		Amount	Percent
1999-00	\$37,465	\$1,784	5.0%
2000-01	37,547	82	0.2
2001-02	37,281	(266)	(0.7)
2002-03 (Est.)	36,576	(705)	(1.9)
2003-04 (Est.)	38,199	1,623	4.4

2003-04 CIVIC PLAZA Earmarked Sales Taxes






Golf Courses

Revenues in this category are from greens fees and concession sales at City golf courses including the Aguila, Cave Creek, Encanto, Maryvale, Palo Verde and Papago courses. The 2003-04 estimate of \$7,881,000 is \$321,000 or 4.2 percent above the 2002-03 estimate. The increase is primarily due to anticipated increases in greens fees revenue as the tourism industry recovers.

FEDERAL AND STATE GRANTS



The 2003-04 operating budget includes \$168,770,000 in federal and state grants. The Capital Budget also contains additional grant funding. Programs in areas such as police, housing, senior services, youth and adult job training, public transit and recreation are fully or partially funded with federal or state grants. The following is a detailed explanation of the grant revenue by major program or grant revenue category. In general, only known, ongoing grants are planned for in the coming fiscal year. Project specific or one-time grants are programmed as they are approved by the granting agency.

Public Housing Grants

The 2003-04 Assisted Housing grants revenue included in the annual operating budget is \$67,555,000. This category includes the HOME program that is aimed at increasing the availability of affordable rental housing and expanding home ownership opportunities for first-time homebuyers. Other items funded with grants include housing rentals, housing subsidies, interest income, housing assistance and affordable housing.

Human Services Grants

The 2003-04 revenue estimate of \$44,021,000 is \$4,455,000 less than the 2002-03 estimate of \$48,476,000. This category includes funds from the Department of Health and Human Services; Workforce Investment Act; Aging Program Grants; and Head Start funds. Some 2002-03 grants have not been estimated in 2003-04 due to differing fiscal years among granting agencies.

Community Development Block Grant

Each year, since 1974, the City has received Community Development Block Grant funds from the U.S. Department of Housing and Urban Development. These funds are used to support a variety of projects and programs that must meet the following national objectives: benefit low- and moderate-income persons; aid in the prevention or elimination of slums and blight; or meet other urgent community development needs. The 2003-04 CDBG entitlement is \$20,730,000.

Criminal Justice Grants

The 2003-04 grant revenue for Criminal Justice programs is estimated to be \$7,270,000. This includes Police, Court and Law department grants. Grants include Universal Hiring grants totaling \$1.1 million, Local Law Enforcement Block Grant funding totaling \$910,355, and renewals of ongoing state grants.

Other Federal and State Grants

The 2003-04 budget also includes \$9,614,000 for other federal and state grants that provide funding for some parks and recreation and library activities as well as programs such as energy conservation and weatherization in Neighborhood Services.

Public Transit Grants

The 2003-04 Federal Transit Administration Grant estimate is \$6,986,000 reflecting a decrease of \$378,000 from the 2002-03 estimate of \$7,364,000. This decrease is primarily because of one-time 2002-03 capital grants.

HOPE Grants

In October 2001, the U.S. Department of Housing and Urban Development awarded \$34 million in HOPE funding to the City for the revitalization of the Matthew Henson public housing development. The revenue estimate assumes that \$7,786,000 of that grant will be earned and expended in 2003-04.